

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04
NSAE-00 SIL-01 DODE-00 PM-04 H-01 L-03 NSC-05 PA-01
PRS-01 SP-02 SS-15 USIA-06 MCT-01 CU-02 ACDA-07
TRSE-00 AGRE-00 /078 W
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P R 291130Z DEC 76
FM AMEMBASSY COLOMBO
TO SECSTATE WASHDC PRIORITY 6425
INFO AMEMBASSY NEW DELHI
AMCONSUL MADRAS
AMCONSUL BOMBAY
AMCONSUL CALCUTTA

LIMITED OFFICIAL USE SECTION 1 OF 2 COLOMBO 4725

E.O. 11652: N/A
TAGS: PINT,ELAB,CE
SUBJECT: BANDARANAIKE GOVERNMENT FACES RAILWAY STRIKE,
OTHER SIGNS OF DISCONTENT

REF: (A) COLOMBO 4434(NOTAL), (B) COLOMBO 4091(NOTAL),
(C) COLOMBO 4681(NOTAL)

1. SUMMARY: PRIME MINISTER BANDARANAIKE'S INCREASINGLY
BELEAGUERED GOVERNMENT HAS TAKEN STEPS TO USE THE ARMED
FORCES TO HELP MITIGATE THE EFFECTS OF A RAILWAY STRIKE,
AGGRAVATED BY MINOR SABOTAGE. THE STRIKE HAS AFFECTED
DISTRIBUTION OF ESSENTIAL COMMODITIES THROUGHOUT THE
ISLAND. THE GOVERNMENT'S OTHER CURRENT PROBLEMS ARE
MANIFOLD. THE UNIVERSITY CAMPUSES REMAIN CLOSED WITH AN
INVESTIGATORY COMMISSION ABOUT TO ISSUE ITS REPORT ON THE
NOVEMBER 12 POLICE SHOOTING ON AN UNDERGRADUATE (REF A).
GOVERNMENT PHYSICIANS CONTINUE THEIR TWO-MONTH OLD WORK-
TO-RULE CAMPAIGN (REF B). A LARGE FIRE AT A GOVERNMENT
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YARN WAREHOUSE HAS SERIOUSLY AFFECTED GOVERNMENT ATTEMPTS
TO SUPPLY SUFFICIENT TEXTILES TO CONSUMERS OVER THE NEXT
FEW MONTHS(REF C). AND THE CURRENT SHORTAGE OF BREAD
AND FLOUR HAS FURTHER UPSET THE PUBLIC AND EMBARRASSED
THE GOVERNMENT. THE HARD DECISIONS THE PRIME MINISTER
WILL HAVE TO MAKE IN THE NEXT FEW DAYS WILL HELP

DETERMINE THE OUTCOME OF THE REST OF HER TERM AS PRIME MINISTER. END SUMMARY.

2. A COMPLETELY SUCCESSFUL RAILWAY STRIKE, BEGUN DECEMBER 21 OVER THE DEMAND TO GRANT A 500-RUPEE END-OF-YEAR SALARY ADVANCE (INSTEAD OF THE USUAL 100 RUPEES NOW RAISED TO 200 AS A CONCESSION TO THE STRIKERS) HAS BEGUN SERIOUSLY TO HAMPER ECONOMIC LIFE OUTSIDE COLOMBO. THE DISTRIBUTION OF PETROLEUM PRODUCTS HAS BEEN AFFECTED MOST NOTICEABLY, WITH VIRTUALLY NO GASOLINE AVAILABLE IN MANY OUTSTATION AREAS, INCLUDING KANDY AND CUTBACKS IN SALES AT THE AIRPORT AND HARBOR.

3. AT A SPECIAL CABINET MEETING DECEMBER 28, THE PRIME MINISTER AND HER COLLEAGUES AGREED THAT THE PUBLIC SHOULD BE TOLD OF STRIKE CONSEQUENCES (PRESUMABLY TO BRING PUBLIC OPINION TO BEAR ON STRIKERS). IMMEDIATELY AFTER THE MEETING, ALL POLICE AND ARMED FORCES LEAVES WERE CANCELLED, SO THAT ALL COULD REPORT TO DUTY STATIONS.

4. ALTHOUGH THE ARMED FORCES CAN BE USED FOR ISLAND-WIDE DISTRIBUTION OF ESSENTIAL COMMODITIES, IF THE PRIME MINISTER WERE TO USE THEM TO TRY TO FORCE RAIL EMPLOYEES BACK TO WORK, SHE MIGHT HAVE A WIDENED STRIKE ON HER HANDS. NEVERTHELESS SHE MADE A STRONG BROADCAST TO THE NATION DECEMBER 29 (REPORTED SEPTTEL) JUSTIFYING HER REFUSAL TO GIVE IN TO THE RAIL WORKERS AND STRESSING THAT SHE WOULD TAKE UNSPECIFIED STERN ACTION TO KEEP ESSENTIAL SERVICES SUPPLIED TO THE PUBLIC.

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5. AN ATTEMPT ON DECEMBER 27 TO RUN SEVERAL FREIGHT TRAINS WITH SUPERVISORY PERSONNEL FAILED WHEN WORKERS SAT ON TRACKS AND, IN AT LEAST ONE SPOT ON THE MAINLINE NEAR COLOMBO, REMOVED A WHOLE SECTION OF TRACT TO PREVENT PASSAGE. THIS LAST ACT OF MINOR SABOTAGE UPSET THE GOVERNMENT AND IS PROBABLY ANOTHER FACTOR IN POTENTIAL USE OF POLICE AND ARMED FORCES. THE POLITICAL HAND IN THE STRIKE IS NOT HARD TO DISCERN; THE OPPOSITION LANKA SAMA SAMAJA PARTY CLEARLY SET OFF THE AGITATION. HOWEVER, IT WOULD NOT HAVE BEEN ABLE TO CONTINUE IT SO SUCCESSFULLY WITHOUT SUPPORT FROM OTHER WORKERS, INCLUDING THOSE IN GOVERNMENT UNIONS, BOTH SRI LANKA FREEDOM PARTY AND COMMUNIST PARTY-CONTROLLED, WHOSE MEMBERS ARE IGNORING THEIR LEADERS' APPEALS TO GET BACK TO WORK.

6. THE RAILWAY STRIKE IS NOT THE ONLY ONE OF PRIME MINISTER BANDARANAIKE'S PROBLEMS. THE TWO-MONTH OLD

WORK-TO-RULE CAMPAIGN BY GOVERNMENT PHYSICIANS CONTINUES WITH NO END IN SIGHT. THE UNIVERSITY CAMPUSES REMAIN CLOSED INDEFINITELY, DESPITE THE FACT THAT THE GOVERNMENT INVESTIGATING COMMITTEE SET UP TO REPORT ON THE POLICE KILLING OF AN UNDERGRADUATE NOVEMBER 12 HAS COMPLETED TAKING EVIDENCE,ALTHOUGH IT HAS NOT YET ISSUED ITS REPORT.AND THE DECEMBER 20 FIRE AT THEWEAVING SUPPLIES CORPORATION WAREHOUSE HAS DAMPENED HOPE OF A TEXTILE-RICH FESTIVAL SEASON NEXT APRIL (SINHALA AND TAMIL NEW YEAR), WHILE AT THE SAME TIME HIGHLIGHTING THE PERENNIAL TEXTILE DISTRIBUTION PROBLEMS, AGGRAVATED BY PRICE CONTROL ON THE SCARCE AND MUCH-DESIRED SYNTHETICS.THE SHORTAGE TEXTILES COULD CAUSE THE GOVERNMENT SERIOUS POLITICAL PROBLEMS IN COMING MONTHS.

7. TO FURTHER AGGRAVATE THE GOVERNMENT'S TROUBLE, IT IS DRAWING CONSIDERABLE HEAT IN THE PRESS AND AMONG LIMITED OFFICIAL USE

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THE PUBLIC FOR A CURRENT SHORTAGE OF BREAD AND FLOUR CAUSED BY A COMBINATION OF A SHARP INCREASE IN WHEAT FLOUR CONSUMPTION FOLLOWING A NOVEMBER REDUCTION IN PRICES OF FLOUR AND BREAD,AND UNEXPECTED DELAYS IN ARRIVAL OF GRANT FLOUR FROM EUROPE.WHEN FINANCE MINISTER ANNOUNCED CUT IN FLOUR AND BREAD PRICES IN HIS NOVEMBER 3 BUDGET SPEECH(COLOMBO 4112), FLOUR CONSUMPTION WAS AVERAGING ABOUT 50,000 METRIC TONS PER MONTH (UP FROM ABOUT 35,000 MT BEFORE JULY PRICE REDUCTION (SEE COLOMBO 2442).GSL ESTIMATED EFFECT OF NOVEMBER PRICE CUT WOULD ADD ONLY 2,000 TO 3,000 MT TO MONTHLY CONSUMPTION LEVEL.BY EARLY DECEMBER, HOWEVER, MONTHLY CONSUMPTION HAD INCREASED TO AROUND 60,000 MT. IF FLOUR SUPPLIES HAD ARRIVED ON SCHEDULE, GSL COULD HAVE MET DEMAND, BUT SEVERAL SHIPS CARRYING GRANT FLOUR FROM EUROPE WERE DELAYED.GSL TRIED TO FILL GAP WITH ORDER FOR 10,000 MT OF FLOUR FROM SINGAPORE (COLOMBO 4330 NOTAL) AND BY BORROWING APPROXIMATELY 840 MT FROM CARE (STATE 310520 NOTAL). ALTHOUGH FLOUR STOCKS WERE DRAWN DOWN TO ALMOST NOTHING,FOOD COMMISSIONER'S OFFICE INSISTS THAT NORMAL QUANTITIES OF FLOUR WERE DISTRIBUTED IN COLOMBO AREA. NEVERTHELESS, THERE WERE BREAD LINES ALL OVER CITY AND MANY PRESS ARTICLES ABOUT SHORTAGE. ARRIVAL OF THREE SHIPS IN PAST FEW DAYS IS EXPECTED TO BRING FLOUR STOCKS BACK TO NORMAL ASSUMING NO LABOR PROBLEMS AT THE PORT WHICH WILL PREVENT UNLOADING. IN ADDITION TO COLOMBO, SOME SHIPMENTS WILL BE UNLOADED IN TRINCOMALEE AND GALLE TO HELP EASE DISTRIBUTION PROBLEM. DISTRIBUTION OF FLOUR TO INTERIOR,HOWEVER, IS NOW HAMPERED BY RAIL STRIKE.

8. THERE ARE THREATS THAT OTHER UNIONS MAY JOIN THE CURRENT WALKOUT, ALTHOUGH THE CEYLON TRANSPORT BOARD (NATIONALWIDE BUS SERVICE) IS NOT LIKELY TO COME OUT OVER THE ISSUE OF A SALARY ADVANCE SINCE,AS EMPLOYEES OF A STATUTORY BOARD,CTB EMPLOYEES ARE ELEIGIBLE FOR AN END LIMITED OFFICIAL USE

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OF THE YEAR BONUS NOT GIVEN TO THOSE WORKING IN GOVERNMENT DEPARTMENTS LIKE THE RAILWAYS. THE WORKERS OF THE PORT COMMISSION ARE SCHEDULED TO STRIKE THIS AFTERNOON,BUT ACTIVITIES AT THE HARBOR SHOULD NOT BE COMPLETELY HALTED SINCE THE DOCKWORKERS, WHO FALL INTO A DIFFERENNT OCCUPATIONAL CATEGORY, PLAN TO STAY ON THE JOB. THE LARGE GOVERNMENT FACTORY PRODUCING MOST GOVERNMENT OFFICE REQUIREMENTS MAY BE CLOSED FROM TOMORROW IF ITS WORKERS CARRY OUT THEIR THREAT TO GO ON STRIKE. EMPLOYEES OF THE ELECTRICITY BOARD ARE
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NSAE-00 SIL-01 DODE-00 PM-04 H-01 L-03 NSC-05 PA-01
PRS-01 SP-02 SS-15 USIA-06 MCT-01 CU-02 ACDA-07
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9. AN ANGRY EDITORIAL IN DECEMBER 29 DAILY NEWS ALLEGING A FOREIGN HAND IN THE GOVERNMENT'S PROBLEMS IS BEING REPORTED SEPTTEL BY USINFO CABLE INFO THE DEPARTMENT. THE EDITORIAL DOES NOT APPEAR TO REFLECT GOVERNMENT THINKING,HOWEVER.

10. COMMENT: WITH THE BANDARANAIKE GOVERNMENT HAVING THE APPEARANCE OF A GOVERNMENT ON THE RUN (AND NOT ABLE EVEN TO GET ITS OWN UNIONS BACK ON THE JOB),ITS PROBLEMS ARE LIKELY TO INCREASE IN THE COMING DAYS UNLESS

THE PRIME MINISTER CAN TAKE SOME ACTION TO SHOW HERSELF
STILL FIRMLY IN CONTROL. SUCH ACTION WAS HINTED AT,
BUT NOT SPECIFIED, IN HER BROADCAST TO THE NATION
DECEMBER 29. HER PRACTICAL OPTIONS ARE NOT MANY. SHE
COULD APPOINT A COMMISSION TO STUDY THE SITUATION AND
MAKE RECOMMENDATIONS WHICH WOULD ATTEMPT TO SAVE FACE
ON ALL SIDES. HOWEVER, THIS IS NOT THE QUICK FIX SHE
IS SEEKING. ALTERNATIVELY SHE COULD ORCHESTRATE AN
ANTI STRIKERS PRESS CAMPAIGN TO ATTEMPT TO MOBILIZE
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PUBLIC OPINION TO FORCE THE WORKERS TO GO BACK TO
WORK. THIS ALSO WOULD TAKE TIME. THE MORE
DRACONIAN ALTERNATIVE, WHICH WE HAVE NO EVIDENCE SHE IS
CURRENTLY CONSIDERING, WOULD BE TO ENFORCE SOME NEW
STRICT EMERGENCY REGULATIONS AND USE THE STRIKE AS AN
OPPORTUNITY TO PUT OFF ELECTIONS DUE SOMETIME NEXT
YEAR. WHATEVER DECISION SHE TAKES IN THE NEXT FEW DAYS
COULD INFLUENCE THE REST OF THE LIMITED CONSTITUTIONAL
LIFE OF HER PRESENT GOVERNMENT, AS WELL AS THE OUTCOME
OF THE ELECTION STILL ANTICIPATED SOMETIME WITHIN THE
NEXT NINE MONTHS.
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